

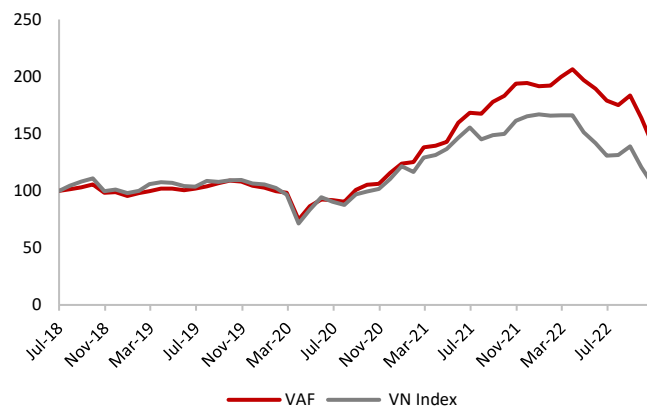
VAF is a Cayman Islands open-ended fund that invests in the Vietnam Equity Special Access Fund (VESAF), a Vietnam-regulated open-ended fund, with the flexibility to participate in IPOs as well as make direct investment in Vietnamese listed and unlisted securities.

PERFORMANCE SUMMARY

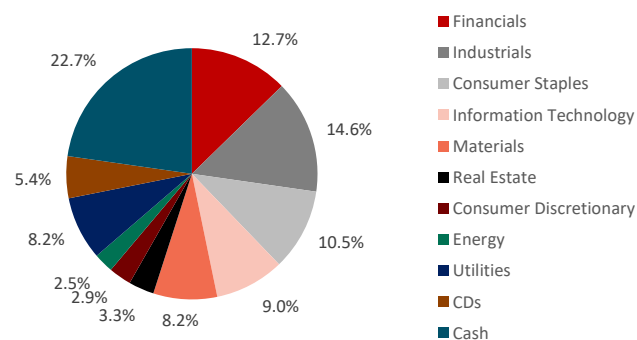
	Fund	VN Index
October 2022 (m-o-m)	-14.6%	-12.8%
YTD	-27.0%	-36.9%
3-year annualized	9.0%	-1.3%
Annualized since inception*	8.1%	1.2%
Accumulated since inception*	39.9%	5.2%
Annualized standard deviation	22.0%	24.9%

* Inception date: 03 July 2018

PERFORMANCE CHART



SECTOR ALLOCATION



TOP HOLDINGS

Ticker	Market Cap (USDm)	Sector	% of NAV	2022 PE	2022 ROE
FPT	3,339	Information Technology	9.0%	15.2	23.7%
BWE	353	Utilities	8.2%	11.7	18.0%
MBB	3,231	Financials	5.7%	4.4	25.3%
QNS	628	Consumer Staples	5.5%	12.0	18.0%
DPR	96	Materials	3.7%	6.6	12.3%
MWG	3,040	Consumer Discretionary	2.9%	14.5	22.8%
VPB	4,419	Financials	2.8%	5.7	20.1%
ILB	28	Industrials	2.7%	6.1	22.5%
VHC	539	Consumer Staples	2.6%	5.3	36.4%
SZC	111	Industrials	2.5%	11.1	16.0%

Source: Bloomberg, VinaCapital's estimates

MANAGER'S MONTHLY COMMENTARY

Vietnam's stock market saw a decline of 12.8% over the last month, as broad-based selling pressure continued to impact share prices of listed companies irrespective of their fundamentals. "Risk-off" investors continued to be cautious due to ongoing global issues, while margin calls on real estate stocks spilled over into other sectors.

The stock market's liquidity was impacted by further monetary tightening as the policy rate was raised by another 100 bps for the second consecutive month in October. At the beginning of the month, the Chairwoman of Van Thinh Phat Group, one of the largest real estate developers in Vietnam, was arrested for the alleged misconduct related to bond issuance and trading. This event raised further concern among investors regarding the large amount of outstanding corporate bonds issued by the Group and its affiliates to Saigon Joint Stock Commercial Bank (SCB), the fifth largest bank in Vietnam in terms of deposits and assets. SCB raised its deposit rates aggressively to over 9.0% for one-year deposits, the highest rate among commercial banks, to help cope with its liquidity stress, while other banks quickly followed to offer higher deposit rates. Year-to-date, average deposit rates increased by 300 bps. The amount of corporate bonds in the market set to mature in 2023 is significant at around USD12 billion, half of which are real estate bonds, while credit growth quota is limited, and the new corporate bond regulation restricts new bond issuance. Rising interest rates and these other issues dampened the outlook for the real estate sector, triggering the selloff as well as margin call on real estate stocks.

Third quarter corporate earnings painted a mixed picture. The aggregate net profit of listed companies advanced by 15.9% yoy, among which banks and retailers were leaders (+57% and +77% yoy in 3Q), driven by the strong recovery post-Covid and a low base last year. In contrast, residential property, construction and steel companies reported sluggish earnings, as the real estate market slowed down significantly. Slower global demand coupled with rising interest expenses and FX losses also created major headwinds for steel companies and exporters of non-essential products with high leverage. Brokerage companies were heavily impacted by lower trading liquidity, negative stock performance in their trading book, as well as corporate bond liquidity pressure among some large players. One of the shining stars was technology company FPT Corp, which delivered resilient growth of 29% yoy and 16% qoq on the back of a strong increase in its software outsourcing order backlog (+43% in 9M).

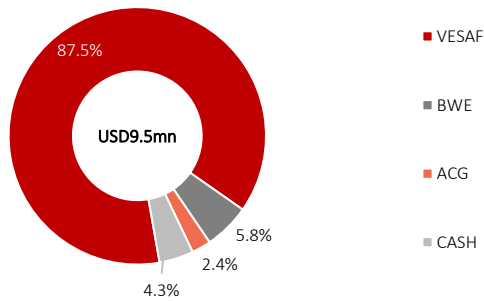
Although margin call activities remain major short-term headwinds, we believe the recent market overreaction has created a good opportunity to accumulate companies that have sound fundamentals and where intrinsic valuations are well above their current market price level even after the interest rate, currency, and other business risks are considered. The forward P/E valuation of consumer stocks is approaching the undemanding level of below 10.0x, and the sector has stronger balance sheets and higher earnings visibility than others. Quality small and mid-cap stocks are trading at much more attractive valuations after the market selloff, including various holdings in VAF's portfolio that are trading at a P/B of below 1.0x, suggesting that ongoing risks have largely been priced in.

Portfolio Highlights

In such a difficult macro environment, we started to see the dispersion in business results of listed companies. VAF's portfolio, with a very low weight in residential real estate and no exposure to brokerage and steel companies, had an aggregate earnings growth of 24% yoy in 3Q. Looking forward to 2023, the portfolio is forecasted to deliver an aggregate earnings growth that is much higher than the broader market. Given current valuations, we aim for companies with higher earnings visibility and resiliency, a better competitive position with good dividend yields, and the market selloff offers the potential of a very large upside. In the shorter term, with a more cautious view, we maintain cash and equivalents of approximately 30%.

FPT Corp (FPT, technology) continues to be our largest holding, and we affirm an earnings forecast of 25% for 2023. In 9M22, its software outsourcing business revenue achieved growth rates of 42% yoy in the US market and 56% yoy in APAC, while sales to the Japan market also stayed strong, increasing

PORTFOLIO ALLOCATION



Small- & mid-cap	50.0%
Stocks traded on UPCoM	8.7%
Stocks at full Foreign Ownership Limit	23.8%

- *Small- & mid- cap: stocks with market capitalization below USD2 billion*
- *UPCoM: Unlisted Public Company Market*

50% yoy (in Yen), demonstrating a strong performance across all of its major markets. At the time of writing this report, FPT is trading at a 2023 P/E of 10x, an undemanding valuation compared to other sectors given its more solid outlook.

Sao Ta Foods (FMC, shrimp exporter) delivered earnings growth of 36% yoy in Q3 and 43% yoy in 9M22. After the surge in US revenues over the past two years, the company quickly switched more focus to its traditional market, Japan, to reduce the pressure of high logistics costs, and increase higher value-added products for better profitability. With a new factory ready to come online at the end of this year as well as a new farming area, the company is in a good shape to capture the high-end segment of its export markets. At the time of writing, FMC is trading at a 2023 P/E of 5.2x based on forecasted growth of 15%, 2023 P/B of 0.8x, and a dividend yield of 4.9%.

PC1 Group (PC1, utilities and industrial property), which used to focus on the construction of power plants, especially renewable projects, now operates its own small-scale hydropower plants and three new wind power plants operating at full capacity. It is also entering into new businesses such as industrial parks and nickel mining. In the next year, earnings growth will come from its fully licensed industrial park in northern Vietnam and a potential increase in the construction business for renewable projects based on the Power Development Plan, while continuing to have stable cashflow from its electricity generation business. After factoring certain impacts from rising interest rates and currency risk of its USD loans on earnings and cashflow, the current market price still offers large upside in the coming years. At the time of writing, PC1 is trading at a 2023 P/E of 5.0x based on a forecasted high double-digit growth contributed by its new businesses, and a 2023 P/B of 0.5x.

VAF FUND INFORMATION

Launch date	03 July 2018
Fund size	USD9.5mn
Domicile	Cayman Islands
Fund manager	VinaCapital Investment Management Ltd.
Auditor	Grant Thornton Cayman Islands
Administrator	Vistra Alternative Investments (Singapore) Pte. Ltd.
Management fee	None
Performance fee	15% over 8% hurdle rate, with high watermark
Subscription frequency	Monthly, the Subscription Day is the first business day of each calendar month
Redemption frequency	Monthly, the Redemption Day is the first business day of each calendar month
Minimum subscription amount	USD100,000

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